

MEETING MINUTES
AFFORDABLE HOUSING ADVISORY BOARD (AHAB)
JUNE 13, 2007 – 10 a.m. to 2 p.m.
RED LION HOTEL – SEATAC, WA

ATTENDEES:

Committee Members: Heyward Watson (Chair), Cathy Cochran (ex-officio), Lynn Davison, Tony To, Joan Hernandez, Wanda Coates, Kim Herman (ex-officio), Paul Purcell, Will Graham (ex-officio)

Staff: Heather Ballash, Martin McMurry, Jeff Spring

Guests: Glenn Crellin, Frank Nothaft, Bill Longbrake, Norman Abbott, Mike Cohen, Vanessa Firnhaber-Baker, Paula Beuson, Bryce Yadon

AGENDA ITEMS:

- Welcome/Introductions
- Subprime & Predatory Lending
- Puget Sound Regional Council (PSRC)—Prosperity Partnership
- Senior Housing
- 2007 Legislative Debrief
- Farmworker Housing
- Board Vacancies and Nominations

WELCOME/INTRODUCTIONS

Heyward briefly introduced the guest speakers and invited them to speak.

SUBPRIME vs. PREDATORY LENDING

Frank Nothaft, Chief Economist, Freddie Mac

Frank spoke about trends regarding the delinquency and defaulting of mortgage loans. He explained that unexpected loss of income is the greatest trigger to defaults and delinquency, accounting for nearly 43%. When combined with family illness or death, these two categories account for almost two-thirds of the triggers for delinquency.

Unemployment in Washington is 4.5%, and the state economy continues to be strong. This contributes to strong housing markets, but makes for affordability issues for first time homebuyers. He described how the aggregate number of foreclosures in Washington has dropped slightly over the last three years, but the case is otherwise nationally.

Loan performance and foreclosure trends. In Washington, foreclosure is down over last 3 years, but change in mix that account for foreclose. The number of loans from prime sector entering foreclose is about ½ since 2003-2006. There is an increase in subprime

loan foreclosures up in last 3 years, even with strong economy in Washington. As of the 4th quarter 2006, Subprime loans account for 11 percent of outstanding single family loans in the state. In 2006, 2.4 percent of all subprime loans went into foreclosure. The foreclosure rate is much higher in the subprime market as opposed to the prime market. It was expressed to get a copy of a report by the Center for Responsible Lending.

Low and moderate income families are more likely to take subprime loans. The distribution of subprime lending among minority populations is even higher even with an overlay of Census tract population distributions.

Freddie Mac is currently producing loan products to stave off the effect (nationally) from subprime loan foreclosures. Although, Washington has not experienced any serious issues with subprime loan defaults, they still occur and are being watched.

PUGET SOUND REGIONAL COUNCIL (PSRC): PROSPERITY PARTNERSHIP Bill Longbrake

Spoke of toll-free number to counsel the 50% of borrowers who do not seek help prior to foreclosing. It was expressed that CTED/AHAB could also market and distribute this access number. He is here on behalf of PSRC, also representing Prosperity Partnership, which is group from the PSRC. The prosperity partnership handles long-range planning GMA, Housing, Transportation, and Economic Development. 220 businesses, governments and community organizations have joined to create 100,000 jobs by 2010. The main goal of the Prosperity Partnership plan is to strengthen specific industry clusters to improve the quality of life. Bill is co-chair of the Regional Housing Strategy Working Group, which seeks to bring experts together to build consensus on affordable housing for the 4 county Puget Sound regions.

The effort of the housing working group is to build consensus on affordable housing issues.

Norman Abbott

Mr. Abbott spoke of Vision 2040. The Vision 2040 plan seeks regional agreement on planning issues. Vision is the long range growth management economic, social and transportation strategy for the 4 county Puget Sound regions. The Vision's job is to integrate the latter and seek the desired growth pattern.

The Growth Management policy board, which consists of local electeds, business and state officials, is the main group driving Vision 2040. The first phases of this project included scoping, listening, drafting an Environmental Impact Statement, and a draft vision document. The Growth Management Policy (GM) board has gotten the attention of 80 city councils. The main driver to project is growth as it is expected that an additional 1.7 million people will be in the region by 2040. The Strategy is to focus growth where infrastructure already exists. Housing is within the context of multiple layers of concern.

The Regional Growth Strategy is comprehensive and housing is a small, but important piece of this effort. Vision 2040 has moved from the old method of relying on multi-county planning polices into a more goal driven deliberation. Once the goals are decided upon (24 in all), than the subsequent policies can make more sense. Actions and measures can than be applied to address certain goals.

As for housing, the Growth Management Policy Board, were interested in future growth, demographic change (e.g. age), and affordability. There also interested in looking at housing from a sustainability frame. From a people point of view, people need dwelling units, but also from a prosperity perspective, the strength of the region is somewhat dependant on affordable housing.

Vision and the GM Policy board primarily target local governments. They are also trying to influence housing supply, by type, choice, price and location. (Refer to Handout). The findings and strategies of the Growth Management/Housing Task Force coincide with many of the strategies articulated in the Vision 2040 plan. The Vision 2040 plan does suggest that housing should be as forefront as transportation or economic development—which is an objective of AHAB.

The next level of the Prosperity Partnership recommendations could include another round of input from AHAB, and subsequently build a partnership with the Vision 2040 group.

SENIOR HOUSING

Glenn Crellin—Director of the Washington Center for Real Estate Research

The Center has been interested researching Growth Management issues as it relates to housing since 1990—at which the GMA was passed. The Center has four main objectives; to observe the real estate market, to observe what is going on with low-income housing, to address public policy implications and to emphasize the relationships between economic development and the real estate market

The Housing for Seniors Project fits into public policy issues as well as low-income housing. The Center noticed that a substantial amount of the Housing Finance Commission's resources were going towards senior housing.

Finding adequate data on pop growth by age is difficult. Between the years 2000-2005, the overall population growth in Washington was 6.4 percent. For the 55 and older population there was a 19 percent increase during this time frame. Mr. Crellin cites the Brookings Institution, in that it is projected that their will be a 136% growth in seniors (65 and older) in WA between 2000 and 2030. There is very little data on senior group quarters and no income data from nursing home individuals. Poverty rates of seniors were higher in 1990 than 2000, especially in older cohorts.

There is data on seniors with disabilities. The 2000 Census states that 36 percent of seniors 65 and older had some disability; however, recent American Community Survey

data suggests this rate is increasing. Clark County is showing a higher disability rate among seniors. As individuals get older, the income levels decrease. Source of income data, however, is difficult to retrieve. Older seniors have a higher poverty rate than younger seniors—increasing medical bills and depletion of retirement funds add to this dynamic. The majority of 65 and older seniors live in multi-family dwellings (Refer to Handout). This issue is not just constructing new units for the increase in the senior population, but the cost of the supporting services.

Kim Herman has a copy of the Senior Housing Report as provided by Glenn Crellin. Kim will distribute upon request.

2007 LEGISLATIVE SESSION DEBRIEF

Will Graham, Ex-Officio, AHAB

Will gave a review of the legislation passed relevant to housing issues.

1359—generated a new \$8 recording fee, of which 90 percent to counties.

1401—created a new account for land banking.

1461—transfers mobile home dispute resolution services over to the Attorney General's office. 2118 also transfers a mobile home installation and complaint services to Labor and Industries.

1910—collecting data on the effectiveness of tax exemption of multiple unit dwellings

1922—creates a new foster youth housing program in CTED

5070 --- 6157 mandates CTED to create 2 pilots on offender reentry; \$3.6 million appropriated for this effort.

2007-2009 Budget—200K for Community Land Trusts; \$130 million Trust Fund; new set aside for Native American Housing efforts; mobile home parks;

There were general questions regarding how CTED will handle the new offender re-entry program. CTED is currently looking narrowing down the two counties of which to pilot. The pilot counties must have a community justice center.

Press Release to AHAB Members of Spring Round HTF funding

Check in on Leading Housing Indicators, Heyward Watson

Update on data collection on Leading Housing Indicators is tabled for next AHAB meeting. The new mandate of creating an inventory of affordable housing in the State could also play into this; AHAB could provide policy direction on this continued effort.

FARMWORKER HOUSING

Paul Purcell, AHAB Member

CTED is requesting that the AHAB establish a farmworker housing subcommittee to review progress to date, examine trends in the agriculture industry and their potential impact on farmworker housing needs, reassess priorities, and recommend a strategy for investments in farmworker housing in the 07-09 Biennium. The

subcommittee would meet biennially to review progress and update the strategy as appropriate. During the interim, the subcommittee would serve as a forum for CTED to gather input on policy issues impacting CTED's farmworker housing programs, as well as supplemental appropriations and other legislative actions that may occur.

The subcommittee would include representatives from the agriculture industry, local government, farmworker advocates, and nonprofit service providers and housing developers. We are requesting that the AHAB recommend a strategy for the 07-09 Biennium prior to the HTF's Fall 2007 application round.

The tension in the farmworker community is with seasonal versus permanent housing. **Kim Herman and Paul Purcell volunteered to head the subcommittee and they'll draft list of participants.** Lynn Davison also expressed interest, but will recuse if others have a more value-added approach. September 1st was suggested as a deadline for recommendations.

BOARD VACANCIES AND NOMINATIONS

Heyward discussed getting nominations to the Governor's office, as well as bids from existing members who want to reapply. It was suggested to members to forward names to Heyward, Will or Martin McMurry for the various vacancies. 3 names per vacancy are suggested. Boards and Commissions staff is in transition, so decisions may be delayed.

Paul Purcell will also work with Heyward to draft a letter regarding the GMA/Housing Taskforce.

It was also suggested to follow up on the efforts of the Prosperity Partnership.

Next meeting: Sept. 19, 2007

Adjourned 2:19 PM